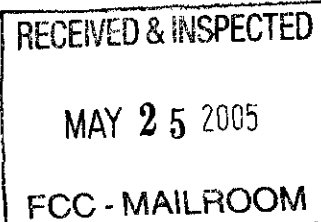




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May 20, 2005

Federal Communications Commission
Office of the Secretary
445 12th Street SW, Room TW-B204
Washington, D.C. 20554

Re: CC Docket No. 01-92
GP File No. 1233-191

Dear Clerk:

Enclosed please find an original plus one copy of the Comments of the Idaho Telephone Association. Please file the original and return the conformed copy to our office in the enclosed envelope.

Thank you for your assistance. If you have any questions, please contact Conley Ward at (208) 388-1219.

Sincerely,

Heidi C. Meier
Assistant to Conley E. Ward

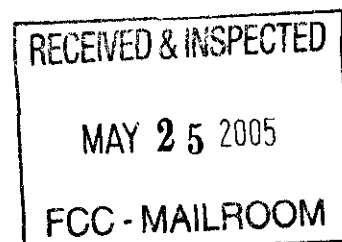
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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**



In the Matter of)	
)	
Developing a Unified Intercarrier)	CC Docket No. 01-92
Compensation Regime)	
)	

**COMMENTS OF THE
IDAHO TELEPHONE ASSOCIATION**

I. Introduction

The Idaho Telephone Association ("ITA") by counsel, respectfully submits its Comments in the above captioned proceeding whereby the Federal Communications Commission ("FCC") seeks comments in its Further Notice of Proposed Rulemaking.¹

The ITA is a state telephone association and its members include both commercial companies and cooperatives.² The fifteen ITA member companies provide both basic and advancing telecommunications services in rural Idaho. All of ITA's members are rural telephone companies as defined in 47 U.S.C. § 153(37). At the end of 2004, ITA members served a total of approximately 39,000 access lines.³ The ITA's largest member has 7,800 lines and the smallest company operates only 76 access lines in Idaho.

¹ *Further Notice of Proposed RuleMaking*, CC Docket No. 1 – 92, FCC 05 – 33, Released March 3, 2005 ("Further Notice").

² ITA member companies submitting these collective comments include: Albion Telephone Company, Cambridge Telephone Company, Custer Telephone Cooperative, Inc., Farmers Mutual Telephone Company, Filer Mutual Telephone Company, Inland Telephone Company, Midvale Telephone Company, Mud Lake Telephone Cooperative Association, Project Mutual Telephone Cooperative Association, Direct Communications – Rockland, Rural Telephone Company, Silver Star Telephone Company, Teton Telecom, Oregon-Idaho Utilities, and Fremont Telecom.

³ Since 2002, combined access lines for ITA member companies and cooperatives have essentially remained flat.

In these comments, the ITA provides the Commission with relevant and current data on the potential impact of moving to a bill and keep arrangement for intercarrier compensation. The ITA also endorses the principles recently enunciated by the Rural Alliance.

II. Importance of Intercarrier Compensation

As with most rural LECs, access charges and universal service funds are vital revenue streams for ITA's members. In 2004, interstate access revenues totaled 41% of members' revenues and the Federal USF contributed an additional 17% of revenues.⁴ For the member most dependent on interstate access revenues, these revenues were 80 % of total revenues in 2004 and for three other members interstate access revenues were greater than 50 %.

The ITA does not believe that using a USF funding mechanism to cover the entire shortfall under bill and keep or other proposals is either prudent or viable. If all lost interstate access revenues were to be replaced by USF, USF funding levels for rural Idaho companies would need to increase 240%. Increases of this magnitude, if typical across the nation, would place an extraordinary strain on current USF funding. Commissioner Adelstein has also voiced concerns about the potential impact of intercarrier compensation reform:

As we move forward, we need to be careful about the impact of any proposed changes on consumers, particularly those in rural areas. If a proposal shifts substantial cost burdens to end-user consumers, as a bill and keep plan might do, we may put at risk the high levels of connectivity that we have worked so hard to achieve. And, if the Commission adopts an intercarrier compensation plan that shifts substantial cost recovery to the universal service fund, we must be cognizant of the pressures that would put on the fund.⁵

On the other hand, state access revenues are only approximately 6% of total members' revenues. Thus, moving to a unified form of Intercarrier compensation in Idaho appears achievable.

⁴ All amounts cited in these comments were obtained directly from ITA member companies.

⁵ Jonathan S. Adelstein, Commissioner, Federal Communications Commission, Center for the New West – Universal Service Policy, April 22, 2005.

Impacts of the magnitude identified herein lead ITA to support the Rural Alliance concept that revenue sources need to include all retail service providers who utilize rural LEC facilities to provide retail services to their customers. Efforts also need to be made to broaden the base of USF funding.

III. Rural Alliance Principles

In February of this year the Rural Alliance announced its support for comprehensive reform of Inter-carrier compensation and universal service funding and identified principles it believes should guide these reform efforts.⁶ The ITA joins other state and national industry associations by endorsing these principles. The ITA believes the solutions provided through the Rural Alliance, if adopted by the FCC and the states, will provide the regulatory certainty necessary for the preservation of universal service and the continued investment in infrastructure to serve rural carriers.

IV. Conclusion

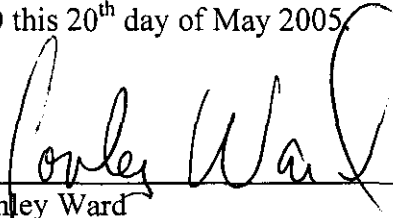
Both NARUC, in its principles, and the Commission through this *Further Notice* appear mindful of the potential financial and customer service consequences of radical and abrupt change to current compensation mechanisms.⁷ Clearly these decisions are difficult ones that involve balancing conflicting interests. These decisions are being made as we witness the major re-integration of LEC and interexchange businesses with the pending acquisitions of AT&T and MCI; as well as wireless industry consolidation through mergers such as those of AT&T Wireless and Cingular. The ITA urges the Commission to enlist the support of state commissions, to consider the unique position and obligations of rural carriers, to carefully and

⁶ Press Release, EPG and ARIC Unite To Form A "Rural Alliance" For Inter-carrier Compensation and Universal Service Reform, February 14, 2005.

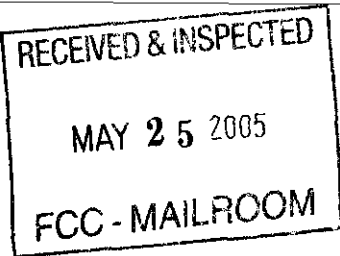
⁷ NARUC, The National Association of Regulatory Utility Commissioners Study Committee On Inter-carrier Compensation Goals For A New Inter-carrier Compensation System, May 5, 2004.

thoroughly quantify the impacts of any proposed changes, and, most importantly, to be sensitive to the impacts of its decisions on universal service and rural customers.

RESPECTFULLY SUBMITTED this 20th day of May 2005.



Conley Ward
GIVENS PURSLEY LLP
Attorneys for the Idaho Telephone Associations



CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 20th day of May 2005, I caused to be served a true and correct copy of the foregoing document by the method indicated below and addressed to the following:

Federal Communications Commission
Office of the Secretary
445 12th Street SW, Room TW-B204
Washington, D.C. 20554

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☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile
☐ Electronic Mail

Heidi C. Meier for
Conley Ward